



## ***News Release***

FOR IMMEDIATE RELEASE

**Aflac Incorporated Announces First Quarter Results,  
Reports First Quarter Net Earnings of \$928 Million,  
Affirms 2019 Adjusted EPS Outlook,  
Declares Second Quarter Cash Dividend**

COLUMBUS, Ga. - April 25, 2019 - Aflac Incorporated (NYSE: AFL) today reported its first quarter results.

Total revenues were \$5.7 billion during the first quarter of 2019, compared with \$5.5 billion in the first quarter of 2018. Net earnings were \$928 million, or \$1.23 per diluted share, compared with \$717 million, or \$.91 per diluted share a year ago.

Net earnings in the first quarter of 2019 included pretax net realized investment gains of \$103 million, or \$0.14 per diluted share, compared with pretax net losses of \$98 million, or \$0.13 per diluted share a year ago. Included in those net gains were \$2 million of losses related to impairments and loan loss reserve changes. Pretax net realized gains also included \$58 million in gains from changes in the fair value of equity securities and \$30 million of gains from certain derivatives and foreign currency activities, as well as a \$17 million gain from sales and redemptions. The income tax expense on these net earnings adjustments in the quarter was \$23 million.

The average yen/dollar exchange rate\* in the first quarter of 2019 was 110.24, or 2.0% weaker than the average rate of 108.05 in the first quarter of 2018.

Adjusted earnings\* in the first quarter were \$849 million, compared with \$821 million in the first quarter of 2018. Adjusted earnings per diluted share\* increased 6.7% to \$1.12 in the quarter, largely reflecting overall strong net investment income and Aflac Japan's favorable benefit ratios. The weaker yen/dollar exchange rate impacted adjusted earnings per diluted share by \$0.01. Adjusted earnings per diluted share excluding the impact of foreign currency\* increased 7.6% to \$1.13.

Total investments and cash at the end of March 2019 were \$131.4 billion, compared with \$132.7 billion at March 31, 2018. In the first quarter, Aflac repurchased \$490 million, or 10.2 million of its common shares. At the end of March, the company had 58.8 million remaining shares authorized for repurchase.

Shareholders' equity was \$26.0 billion, or \$34.90 per share, at March 31, 2019, compared with \$24.3 billion, or \$31.31 per share, at March 31, 2018. Shareholders' equity at the end of the first quarter included a net unrealized gain on investment securities and derivatives of \$6.5 billion, compared with a net unrealized gain of \$5.2 billion at March 31, 2018. Shareholders' equity at the end of the first quarter also included an unrealized foreign currency translation loss of \$1.8 billion, compared with an unrealized foreign currency translation loss of \$1.3 billion at March 31, 2018. The annualized return on average shareholders' equity in the first quarter was 15.0%.

Shareholders' equity excluding AOCI\* was \$21.6 billion, or \$28.89 per share at March 31, 2019, compared with \$20.6 billion, or \$26.56 per share, at March 31, 2018. The annualized adjusted return on equity excluding foreign currency impact\* in the first quarter was 16.0%.

## **AFLAC JAPAN**

In yen terms, Aflac Japan's net premium income was ¥350.4 billion for the quarter, or 0.8% lower than a year ago, mainly due to limited-pay products reaching paid-up status. Net investment income, net of amortized hedge costs, increased 5.4% to ¥67.1 billion, primarily driven by higher income from dollar-denominated floating rate assets. Total revenues in yen increased 0.1% to ¥418.8 billion. Pretax adjusted earnings in yen for the quarter increased 3.9% on a reported basis and 3.1% on a currency-neutral basis, driven largely by higher-yielding U.S. dollar investments and a favorable third sector benefit ratio. The pretax adjusted profit margin for the Japan segment was 21.9%, compared with 21.1% a year ago.

In dollar terms, net premium income decreased 2.5% to \$3.2 billion in the first quarter. Net investment income, net of amortized hedge costs, increased 3.7% to \$610 million. Total revenues declined by 1.6% to \$3.8 billion. Pretax adjusted earnings increased 2.0% to \$834 million.

For the quarter, new annualized premium sales (sales) for first sector protection and third sector products decreased 1.4% to ¥18.4 billion, and total sales decreased 2.0% to ¥18.8 billion, or \$171 million.

## **AFLAC U.S.**

Aflac U.S. net premium income rose 2.4% to \$1.5 billion in the first quarter. Net investment income increased 1.1% to \$177 million, driven by higher income from floating rate assets. Total revenues were up 2.2% to \$1.6 billion. Pretax adjusted earnings were \$323 million, 4.2% lower than a year ago, driven by an increased benefit ratio and a higher expense ratio in the quarter. The pretax adjusted profit margin for the U.S. segment was 19.7%, compared with 21.0% a year ago.

Aflac U.S. sales increased 1.5% in the quarter to \$340 million.

## **CORPORATE AND OTHER**

For the quarter, total revenue increased 20.3% to \$95 million, reflecting net investment income of \$42 million and lower corporate expenses. Net investment income, which increased \$21 million, benefited from a \$20 million pretax contribution from the company's corporate yen hedging program. Pretax adjusted earnings were a loss of \$18 million, compared with a loss of \$46 million a year ago.

## **DIVIDEND**

The board of directors declared the second quarter dividend of \$0.27 per share, payable on June 3, 2019 to shareholders of record at the close of business on May 22, 2019.

## **OUTLOOK**

Commenting on the company's results, Chairman and Chief Executive Officer Daniel P. Amos stated: "I am pleased with the company's overall performance. Our strong first quarter results advanced our progress toward achieving the company's annual objectives.

"Aflac Japan, our largest earnings contributor, generated strong financial results that were in line with our expectations for the quarter. We continue to anticipate a slight decline in Aflac Japan's total earned premium in 2019 mainly due to limited-pay policies reaching paid-up status. We also continue to anticipate full-year sales of third sector and first sector protection

products to decline in the low-to-mid single digits coming off the highest third sector sales year in recent history with the very successful launch of a new cancer product in the second quarter of 2018.

"Turning to our U.S. operations, we are pleased with the financial performance of Aflac U.S. in the quarter, which is particularly significant because these results also reflect ongoing investment in our platform, distribution and customer experience. Our sales results were in line with our expectations for the quarter. We continue to expect Aflac U.S. to deliver solid results in 2019 with earned premium growth of 2% to 3% and stable sales growth.

"We remain committed to maintaining strong capital ratios on behalf of our policyholders and balancing our financial strength with reinvesting in our business, increasing the dividend, and repurchasing shares. The dividend track record is supported by the strength of our capital and cash flows. We continue to anticipate that we'll repurchase in the range of \$1.3 to \$1.7 billion of our shares in 2019, with the range allowing us to be more tactical in our deployment strategy, as we demonstrated this quarter. As is always the case, this assumes stable capital conditions and the absence of compelling alternatives. At the same time, we recognize that prudent investment in our platform is critical to our growth strategy and driving efficiencies that will impact the bottom line for the long term.

"I want to reiterate our 2019 earnings guidance. Our first quarter results reflect a strong start to the year, benefiting from timing of expenses and a modestly favorable effective tax rate in the period, which puts us on track to produce stable adjusted earnings per diluted share of \$4.10 to \$4.30, assuming the 2018 weighted-average exchange rate of 110.39 yen to the dollar. As always, we are working very hard to achieve our earnings-per-share objective while also ensuring we deliver on our promise to policyholders."

#### **About Aflac Incorporated**

Aflac Incorporated (NYSE: AFL) is a Fortune 500 company, helping provide protection to more than 50 million people through its subsidiaries in Japan and the U.S., where it is a leading supplemental insurer by paying cash fast when policyholders get sick or injured. For more than six decades, insurance policies of Aflac Incorporated's subsidiaries have given policyholders the opportunity to focus on recovery, not financial stress. Aflac Life Insurance Japan is the leading provider of medical and cancer insurance in Japan where it insures 1 in 4 households. Through its trailblazing One Day Pay<sup>SM</sup> initiative in the United States, for eligible claims, Aflac can process, approve and electronically send funds to claimants for quick access to cash in just one business day. For 13 consecutive years, Aflac has been recognized by Ethisphere as one of the World's Most Ethical Companies. In 2018, Fortune magazine recognized Aflac as one of the 100 Best Companies to Work for in America for the 20th consecutive year and in 2019 Fortune included Aflac on its list of World's Most Admired Companies for the 18th time. To find out more about One Day Pay<sup>SM</sup> and learn how to get help with expenses health insurance doesn't cover, get to know us at [aflac.com](http://aflac.com).

Aflac herein means American Family Life Assurance Company of Columbus and American Family Life Assurance Company of New York.

A copy of Aflac's Financial Analysts Briefing (FAB) supplement for the quarter can be found on the "Investors" page at [aflac.com](http://aflac.com).

Aflac Incorporated will webcast its quarterly conference call via the "Investors" page of [aflac.com](http://aflac.com) at 9:00 a.m. (ET) on Friday, April 26, 2019.

\*See Non-U.S. GAAP Financial Measures section for an explanation of foreign exchange and its impact on the financial statements and definitions of the non-U.S. GAAP financial measures used in this earnings release, as well as a reconciliation of such non-U.S. GAAP financial measures to the most comparable U.S. GAAP financial measures.

**AFLAC INCORPORATED AND SUBSIDIARIES CONDENSED INCOME STATEMENT**

(UNAUDITED – IN MILLIONS, EXCEPT FOR SHARE AND PER-SHARE AMOUNTS)

<b>THREE MONTHS ENDED MARCH 31,</b>	<b>2019</b>	<b>2018</b>	<b>% Change</b>
Total revenues	\$ 5,657	\$ 5,464	3.5 %
Benefits and claims, net	2,967	3,042	(2.5)
Total acquisition and operating expenses	1,448	1,440	0.6
Earnings before income taxes	1,242	982	26.5
Income taxes	314	265	
Net earnings	\$ 928	\$ 717	29.4 %
Net earnings per share – basic	\$ 1.23	\$ 0.92	33.7 %
Net earnings per share – diluted	1.23	0.91	35.2
Shares used to compute earnings per share (000):			
Basic	751,423	778,550	(3.5)%
Diluted	755,790	783,852	(3.6)
Dividends paid per share	\$ 0.27	\$ 0.26	3.8 %

**AFLAC INCORPORATED AND SUBSIDIARIES CONDENSED BALANCE SHEET**

(UNAUDITED – IN MILLIONS, EXCEPT FOR SHARE AMOUNTS)

<b>MARCH 31,</b>	<b>2019</b>	<b>2018</b>	<b>% Change</b>
Assets:			
Total investments and cash	\$ 131,438	\$ 132,671	(0.9)%
Deferred policy acquisition costs	9,892	9,933	(0.4)
Other assets	4,349	4,752	(8.5)
Total assets	\$ 145,679	\$ 147,356	(1.1)%
Liabilities and shareholders' equity:			
Policy liabilities	\$ 103,680	\$ 105,399	(1.6)%
Notes payable	5,900	5,372	9.8
Other liabilities	10,050	12,298	(18.3)
Shareholders' equity	26,049	24,287	7.3
Total liabilities and shareholders' equity	\$ 145,679	\$ 147,356	(1.1)%
Shares outstanding at end of period (000)	746,487	775,757	(3.8)%

## **NON-U.S. GAAP FINANCIAL MEASURES**

This earnings release includes references to Aflac's non-U.S. GAAP financial measures, adjusted earnings, adjusted earnings per diluted share, adjusted return on equity, amortized hedge costs/income, and adjusted book value. These measures are not calculated in accordance with U.S. GAAP. The measures exclude items that the company believes may obscure the underlying fundamentals and trends in insurance operations because they tend to be driven by general economic conditions and events or related to infrequent activities not directly associated with insurance operations. Management uses adjusted earnings, adjusted earnings per diluted share, and adjusted return on equity to evaluate the financial performance of Aflac's insurance operations on a consolidated basis and believes that a presentation of these measures is vitally important to an understanding of the underlying profitability drivers and trends of Aflac's insurance business. The company believes that amortized hedge costs/income, which are a component of adjusted earnings, measure the periodic currency risk management costs/income related to hedging certain foreign currency exchange risks and are an important component of net investment income. The company considers adjusted book value important as it excludes accumulated other comprehensive income (AOCI), which fluctuates due to market movements that are outside management's control. Definitions of the company's non-U.S. GAAP financial measures and reconciliations to the most comparable U.S. GAAP measures are provided below and in the following schedules.

Due to the size of Aflac Japan, where the functional currency is the Japanese yen, fluctuations in the yen/dollar exchange rate can have a significant effect on reported results. In periods when the yen weakens, translating yen into dollars results in fewer dollars being reported. When the yen strengthens, translating yen into dollars results in more dollars being reported. Consequently, yen weakening has the effect of suppressing current period results in relation to the comparable prior period, while yen strengthening has the effect of magnifying current period results in relation to the comparable prior period. A significant portion of the company's business is conducted in yen and never converted into dollars but translated into dollars for U.S. GAAP reporting purposes, which results in foreign currency impact to earnings, cash flows and book value on a U.S. GAAP basis. Because foreign exchange rates are outside of management's control, Aflac believes it is important to understand the impact of translating Japanese yen into U.S. dollars. Adjusted earnings, adjusted earnings per diluted share, and adjusted return on equity, all excluding current period foreign currency impact, are computed using the average yen/dollar exchange rate for the comparable prior year period, which eliminates fluctuations driven solely by yen-to-dollar currency rate changes. The average yen/dollar exchange rate is based on the published MUFG Bank, Ltd. telegraphic transfer middle rate (TTM).

Aflac defines the non-U.S. GAAP financial measures included in this earnings release as follows:

- Adjusted earnings are adjusted revenues less benefits and adjusted expenses. The adjustments to both revenues and expenses account for certain items that cannot be predicted or that are outside management's control. Adjusted revenues are U.S. GAAP total revenues excluding realized investment gains and losses, except for amortized hedge costs/income related to foreign currency exposure management strategies and net interest cash flows from derivatives associated with certain investment strategies. Adjusted expenses are U.S. GAAP total acquisition and operating expenses including the impact of interest cash flows from derivatives associated with notes payable but excluding any nonrecurring or other items not associated with the normal course of the company's insurance operations and that do not reflect Aflac's underlying business performance. The most comparable U.S. GAAP measure is net earnings.
- Adjusted earnings per share (basic or diluted) are the adjusted earnings for the period divided by the weighted average outstanding shares (basic or diluted) for the period presented. The most comparable U.S. GAAP measure is net earnings per share.
- Adjusted return on equity excluding foreign currency impact is calculated using adjusted earnings excluding the impact of the yen/dollar exchange rate, as reconciled with total U.S. GAAP net earnings, divided by average shareholders' equity, excluding AOCI. The most comparable U.S. GAAP financial measure is return on average equity (ROE) as determined using net earnings and average total shareholders' equity.
- Amortized hedge costs/income represent costs/income incurred or recognized in using foreign currency forward contracts to hedge certain foreign exchange risks in the company's Japan segment (costs) or in the Corporate and Other segment (income). These amortized hedge costs/income are derived from the difference between the foreign currency spot rate at time

of trade inception and the contractual foreign currency forward rate, recognized on a straight line basis over the term of the hedge. There is no comparable U.S. GAAP financial measure for amortized hedge costs/income.

- Adjusted book value is the U.S. GAAP book value (representing total shareholders' equity), less AOCI as recorded on the U.S. GAAP balance sheet. The company considers adjusted book value important as it excludes AOCI, which fluctuates due to market movements that are outside management's control.

**RECONCILIATION OF NET EARNINGS TO ADJUSTED EARNINGS<sup>1</sup>**  
(UNAUDITED – IN MILLIONS, EXCEPT FOR PER-SHARE AMOUNTS)

THREE MONTHS ENDED MARCH 31,	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Net earnings	\$ 928	\$ 717	29.4%
Items impacting net earnings:			
Realized investment (gains) losses	(103)	98	
Other and non-recurring (income) loss	—	29	
Income tax (benefit) expense on items excluded from adjusted earnings	23	(24)	
Adjusted earnings	849	821	3.4%
Current period foreign currency impact <sup>2</sup>	8	N/A	
Adjusted earnings excluding current period foreign currency impact <sup>3</sup>	\$ 857	\$ 821	4.4%
Net earnings per diluted share	\$ 1.23	\$ 0.91	35.2%
Items impacting net earnings:			
Realized investment (gains) losses	(0.14)	0.13	
Other and non-recurring (income) loss	—	0.04	
Income tax (benefit) expense on items excluded from adjusted earnings	0.03	(0.03)	
Adjusted earnings per diluted share	1.12	1.05	6.7%
Current period foreign currency impact <sup>2</sup>	0.01	N/A	
Adjusted earnings per diluted share excluding current period foreign currency impact <sup>3</sup>	\$ 1.13	\$ 1.05	7.6%

<sup>1</sup> Amounts may not foot due to rounding.

<sup>2</sup> Prior period foreign currency impact reflected as "N/A" to isolate change for current period only.

<sup>3</sup> Amounts excluding current period foreign currency impact are computed using the average yen/dollar exchange rate for the comparable prior-year period, which eliminates fluctuations driven solely by yen-to-dollar currency rate changes.



**RECONCILIATION OF U.S. GAAP BOOK VALUE TO ADJUSTED BOOK VALUE** <sup>1</sup>  
(UNAUDITED - IN MILLIONS, EXCEPT FOR SHARE AND PER-SHARE AMOUNTS)

<b>MARCH 31,</b>	<b>2019</b>	<b>2018</b>	<b>% Change</b>
U.S. GAAP book value	\$ 26,049	\$ 24,287	
Less:			
Unrealized foreign currency translation gains (losses)	(1,848)	(1,303)	
Unrealized gains (losses) on securities and derivatives	6,535	5,185	
Pension liability adjustment	(206)	(197)	
Total AOCI	4,481	3,685	
Adjusted book value <sup>2</sup>	\$ 21,568	\$ 20,602	
Add:			
Unrealized foreign currency translation gains (losses)	(1,848)	(1,303)	
Adjusted book value including unrealized foreign currency translation gains (losses) <sup>3</sup>	\$ 19,720	\$ 19,299	
Number of outstanding shares at end of period (000)	746,487	775,757	
U.S. GAAP book value per common share	\$ 34.90	\$ 31.31	11.5%
Less:			
Unrealized foreign currency translation gains (losses) per common share	(2.48)	(1.68)	
Unrealized gains (losses) on securities and derivatives per common share	8.75	6.68	
Pension liability adjustment per common share	(0.28)	(0.25)	
Total AOCI per common share	6.00	4.75	
Adjusted book value per common share <sup>2</sup>	\$ 28.89	\$ 26.56	8.8%
Add:			
Unrealized foreign currency translation gains (losses) per common share	(2.48)	(1.68)	
Adjusted book value including foreign currency translation gains (losses) per common share <sup>3</sup>	\$ 26.42	\$ 24.88	6.2%

<sup>1</sup> Amounts may not foot due to rounding.

<sup>2</sup> Adjusted book value is the U.S. GAAP book value (representing total shareholder's equity), excluding AOCI (as recorded on the U.S. GAAP balance sheet).

<sup>3</sup> Adjusted book value including unrealized foreign currency translation gains (losses) is adjusted book value plus unrealized foreign currency translation gains (losses).

**RECONCILIATION OF U.S. GAAP RETURN ON EQUITY (ROE) TO ADJUSTED ROE <sup>1</sup>****(EXCLUDING IMPACT OF FOREIGN CURRENCY)**

<b>THREE MONTHS ENDED MARCH 31,</b>	<b>2019</b>	<b>2018</b>
Net earnings - U.S. GAAP ROE <sup>2</sup>	15.0%	11.7%
Impact of excluding unrealized foreign currency translation gains (losses)	(1.3)	(0.9)
Impact of excluding unrealized gains (losses) on securities and derivatives	3.7	3.2
Impact of excluding pension liability adjustment	(0.1)	(0.1)
Impact of excluding AOCI	2.3	2.2
U.S. GAAP ROE - less AOCI	17.3	13.9
Differences between adjusted earnings and net earnings <sup>3</sup>	(1.5)	2.0
Adjusted ROE - reported	15.8	16.0
Less: Impact of foreign currency <sup>4</sup>	(0.1)	N/A
Adjusted ROE, excluding impact of foreign currency	16.0	16.0

<sup>1</sup> Amounts presented may not foot due to rounding.

<sup>2</sup> U.S. GAAP ROE is calculated by dividing net earnings (annualized) by average shareholders' equity.

<sup>3</sup> See separate reconciliation of net income to adjusted earnings.

<sup>4</sup> Impact of foreign currency is calculated by restating all yen components of the income statement to the weighted average yen rate for the comparable prior year period. The impact is the difference of the restated adjusted earnings compared to reported adjusted earnings. For comparative purposes, only current period income is restated using the weighted average prior period exchange rate, which eliminates the foreign currency impact for the current period. This allows for equal comparison of this financial measure.

**EFFECT OF FOREIGN CURRENCY ON ADJUSTED RESULTS<sup>1</sup>****(SELECTED PERCENTAGE CHANGES, UNAUDITED)**

<b>THREE MONTHS ENDED MARCH 31, 2019</b>	<b><u>Including Currency Changes</u></b>	<b><u>Excluding Currency Changes<sup>2</sup></u></b>
Net premium income <sup>3</sup>	(1.1)%	0.2%
Net investment income <sup>4</sup>	5.6	6.5
Total benefits and expenses	(0.9)	0.5
Adjusted earnings	3.4	4.4
Adjusted earnings per diluted share	6.7	7.6

<sup>1</sup> Refer to previously defined adjusted earnings and adjusted earnings per diluted share.

<sup>2</sup> Amounts excluding currency changes were determined using the same yen/dollar exchange rate for the current period as the comparable period in the prior year, which eliminates dollar-based fluctuations driven solely from currency rate changes.

<sup>3</sup> Net of reinsurance

<sup>4</sup> Less amortized hedge costs/income on foreign investments

## 2019 ADJUSTED EARNINGS PER SHARE<sup>1</sup> SCENARIOS<sup>2</sup>

Weighted-Average Yen/Dollar Exchange Rate	Adjusted Earnings Per Diluted Share	Foreign Currency Impact
100	\$ 4.26 - \$ 4.46	\$ 0.16
105	4.18 - 4.38	0.08
110.39 <sup>3</sup>	4.10 - 4.30	-
115	4.03 - 4.23	(0.07)
120	3.96 - 4.16	(0.14)

<sup>1</sup> A non-U.S. GAAP financial measure, adjusted earnings per share (basic or diluted) are the adjusted earnings for the period divided by the weighted average outstanding shares (basic or diluted) for the period presented. In reliance on the “unreasonable efforts” exception in Item 10(e)(1)(i)(B) of SEC Regulation S-K, a quantitative reconciliation to the most comparable U.S. GAAP measure is not provided for this financial measure. Forward-looking information with regard to the most comparable U.S. GAAP financial measure, earnings per share, is not available without unreasonable effort. This is due to the unpredictable and uncontrollable nature of these reconciling items, which would require an unreasonable effort to forecast and we believe would result in such a broad range of projected values that would not be meaningful to investors. For this reason, we believe that the probable significance of such information is low.

<sup>2</sup> Table recasts all quarters to the average exchange rate.

<sup>3</sup> Actual 2018 weighted-average exchange rate

## FORWARD-LOOKING INFORMATION

*The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” to encourage companies to provide prospective information, so long as those informational statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those included in the forward-looking statements. The company desires to take advantage of these provisions. This document contains cautionary statements identifying important factors that could cause actual results to differ materially from those projected herein, and in any other statements made by company officials in communications with the financial community and contained in documents filed with the Securities and Exchange Commission (SEC). Forward-looking statements are not based on historical information and relate to future operations, strategies, financial results or other developments. Furthermore, forward-looking information is subject to numerous assumptions, risks and uncertainties. In particular, statements containing words such as “expect,” “anticipate,” “believe,” “goal,” “objective,” “may,” “should,” “estimate,” “intends,” “projects,” “will,” “assumes,” “potential,” “target,” “outlook” or similar words as well as specific projections of future results, generally qualify as forward-looking. Aflac undertakes no obligation to update such forward-looking statements.*

*The company cautions readers that the following factors, in addition to other factors mentioned from time to time, could cause actual results to differ materially from those contemplated by the forward-looking statements: difficult conditions in global capital markets and the economy; exposure to significant interest rate risk; concentration of business in Japan; foreign currency fluctuations in the yen/dollar exchange rate; operation of the former Japan branch as a legal subsidiary; limited availability of acceptable yen-denominated investments; deviations in actual experience from pricing and reserving assumptions; ability to continue to develop and implement improvements in information technology systems; governmental actions for the purpose of stabilizing the financial markets; interruption in telecommunication, information technology and other operational systems, or a failure to maintain the security, confidentiality or privacy of sensitive data residing on such systems; ongoing changes in the Company’s industry; failure to comply with restrictions on patient privacy and information security; extensive regulation and changes in law or regulation by governmental authorities; changes in tax rates applicable to the company; defaults and credit downgrades of investments; ability to attract and retain qualified sales associates, brokers, employees, and distribution partners; decline in creditworthiness of other financial institutions; subsidiaries’ ability to pay dividends to Aflac Incorporated; decreases in the Company’s financial strength or debt ratings; inherent limitations to risk management policies and procedures; concentration of the Company’s investments in any particular single-issuer or sector; differing judgments applied to investment valuations; ability to effectively manage key executive succession; significant valuation judgments in determination of amount of impairments taken on the Company’s investments; catastrophic events including, but not necessarily limited to, epidemics, pandemics, tornadoes, hurricanes, earthquakes, tsunamis, war or other military action, terrorism or other acts of violence, and damage incidental to such events; changes in U.S. and/or Japanese accounting standards; loss of consumer trust resulting from events external to the Company’s operations; increased expenses and reduced profitability resulting from changes in assumptions for pension and other postretirement benefit plans; level and outcome of litigation; and failure of internal controls or corporate governance policies and procedures.*

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